



# **DMA FINANCE AND ORGANIZATIONAL BRIEFING**

**JOINT LEGISLATIVE OVERSIGHT COMMITTEE  
MEETING UPDATE**

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## ALVAREZ & MARSAL's SCOPE OF WORK

*The primary objectives are to provide services that stabilize, improve practices, and build capacity across financial and operational functions of DMA working with in place staff and leadership*

	Finance Operation Services	Budget and Forecast Operational Support Services	Organizational Redesign Services	Data Governance Services
<b>Description</b>	Day-to-day support for financial functions	Develop and implement a new financial model to support budget development and financial forecasting	Redesign DMA's operating structure	Remediation of data challenges, development and implementation of data governance structure
<b>Key Activities</b>	Drug Rebates, PCS, CMS certifications, audit support, contract spend analysis, fiscal impact analysis	Financial accountability for programs, closing support	Redesign proposal, recruitment support	Reconciliation support for finance data as needed
<b>Outputs</b>	Policies and procedures, contract management practices	New model and policies and procedures, budget management process	Job descriptions, implemented organizational redesign	Strategy and framework
<b>Transition</b>	Training, policies and procedures, new organization structure	Improved model, operating framework, increased programmatic/fiscal integration, reporting capabilities	Support Human Resources and Management	Data governance implementation plan

## The Business Information Function

**Issue** – inability to quickly provide the data required for business decisions to be made at the program levels and by finance. Capability was not strong and was buried in Operations.

**Approach** – assessment of roles and responsibilities of the CIO and the needs within DMA for forecasting and management

**Solution** – realigned the organization structure in order to promote timely, access to necessary information:

- Direct report to the DMA Director
- Based on critically of data driven decision making, analysis and integration of NC Tracks and NC Fast
- Recruited a senior executive with a demonstrated track record of technology innovation and Medicaid data management
- Three sub units to advance decision making, interactions with technology investments and support across DMA

**Impact** – 134 data requests filled in June/July, more than previous 5 months

# ILLUSTRATING INITIAL OUTCOMES

## Drug Rebates

**Issue** – Certain drug companies were consistently late in paying the drug rebates owed to DMA. Historically, late payments resulted in DMA needing to borrow state dollars to cover expenditures that would otherwise have been covered by the collected rebates.

**Approach** – Analyzed prior quarterly invoicing and collections patterns by date and drug labelers.

**Solution** – Developed and implemented a process to more closely track the invoicing and collection of drug rebates:

- Established a daily rebates collection monitoring process as the payment deadline approaches
- Identified specific drug labelers that have consistently not paid on a timeline basis
- Instituted a process to proactively call drug labelers that have a history of late payments
- Collected the information and create the process to call on all labelers that have not paid once the deadline has passed

**Impact** – Deadline is upcoming for the most recent quarter of drug rebates invoice, yet DMA anticipates an increase in collections by the deadline as compared to prior quarters.

***A&M has supported clients to address critical challenges in respect to finance, management and compliance with CMS. Representative clients include:***

- Commonwealth of Pennsylvania, Department of Public Welfare\*
- State of South Carolina, Department of Health and Human Services\*
- State of Maryland, Department of Health and Mental Hygiene\*
- Commonwealth of Puerto Rico, cross government
- State of Louisiana, cross government\*
- Louisiana State University\*
- Parkland Health and Hospital System\*
- University of California Health System
- City of New York Department of Health
- National Association of Public Hospitals
- New Jersey Medical School
- SUNY Downstate Medical Center
- Multnomah County/Cascadia Behavioral Health

*\* Engagements where A&M provides and provided leadership staff /Interim management*